



Montana Department of Revenue

6 Year Phase In, Revenue Neutral Class 4 Exemptions

Assumptions (as per decision point mapping document)

Phase In: Yes – 6 years

Tax Rates

Class 3 Tax Rate:	<u>Revenue Neutral for the six year phase-in</u>
Class 4 Residential Tax Rate:	<u>Revenue Neutral for the six year phase-in</u>
Class 4 Commercial Tax Rate:	<u>Revenue Neutral for the six year phase-in</u>
Class 10 Tax Rate:	<u>Revenue Neutral for the six year phase-in</u>

Exemptions

Homestead Exemption:	<u>Revenue Neutral % for the six year phase-in</u>
Comstead Exemption:	<u>Revenue Neutral % for the six year phase-in</u>

Circuit Breaker

A single program to replace existing income-based property tax relief programs with the same cost.

Additional Features

The tax rates are not decoupled.

There are not staggered or fixed dollar exemptions.

Reappraisal

The reappraisal cycle would be 3 years.

Standards Used in Analysis by Department of Revenue – Tax Policy and Research

Mills

All mills float. The individual home examples and individual business examples use the average consolidated mills. This includes the 6 university mills, the 95 school mills, all mills levied by local jurisdictions and schools.

Growth

The analysis uses the OBPP growth rates for each class of property to estimate the growth in newly taxable property. Every proposal will show additional income in future years from revenue generated from mills on this new property and inflationary increases allowed under 15-10-420, MCA. The comparison between current law and the proposal will show the amount of mitigation.

The impact on property in the reappraisal classes is based on properties whose percentage growth in value due to reappraisal is within the International Association of Assessing Officers' recommended limits. All properties existing in tax year 2008 are included, but the percentage applied to estimate the appreciation in value does not incorporate the extraordinary changes from properties outside these limits.